

**The State of the City
Mayor Setti D. Warren
City of Newton, MA
February 1, 2016**

At last year's State of the City, I began the evening by speaking to you about Newton's first mayor, James F.C. Hyde, elected in 1873.

I said that Mayor Hyde's bold vision laid the foundation for the City we love today. He believed in making investments in education, infrastructure, and transportation. His administration upgraded streetlights, expanded space for a school building, and accepted the transfer of the Newton Free Library to the City. Mayor Hyde clearly loved our City—just as we do. At the same time, he wasn't afraid to think about the long term—and to think big. With that comes the responsibility to not be afraid to make tough decisions to move our City forward. We owe it to those who came before us to do the same.

The decisions being made in City Hall by our administration are based on how we meet the needs of residents now and decades from now. I'm calling this approach to decision making and management "Newton Leads 2040." Every day, we take into account where we've been and strategically plan for the future.

Over the past year, we have continued to live up to that promise, with major accomplishments in the areas of finance, education, and public safety as well as initiate long term strategies in the areas of housing, transportation, the innovation economy, and economic mobility. This year we upgraded our capacity to improve the delivery of city services by expanding the data driven approach to governing we started back in 2010.

Six years ago, when I first took office, the City's financial outlook was bleak. The budget was on its way to having an annual structural deficit projected to be more than \$40 million by 2013. However, by prioritizing turning the City's finances around and by employing sound fiscal management and strategies, we have completely turned the City's finances around and eliminated our inherited deficit. When my administration walked in the door, we faced a widening deficit with expenses growing by two percentage points more than revenues every year; no rainy day or emergency fund; a pension trust fund that had suffered a significant loss in principal, a lack of attention to addressing our other post-employment benefits, or OPEB, our "health insurance for retirees"; and a triple A bond rating in jeopardy.

Since then, with a laser-like focus on zero-basing our budgets, on making data driven financial decisions, and on restructuring our union contracts, we have been able to eliminate the structural deficit and get our expenditure growth in line with our revenue growth.

In addition to balancing our budget, we recognized that it was important to establish a reserve fund for emergencies or catastrophic events. I am proud to announce that our rainy day fund now totals more than \$18 million or 5% of our operating budget, even as we are able to make forward-looking investments.

Our pension fund, which had suffered significant losses in the crash of 2008, has also been a top priority. And while it was acceptable when I first took office to have a plan that fully funded our pension liability by the year 2038, financial sustainability requires more. Therefore, my administration has supported the Newton Retirement Board in creating a funding schedule aimed to fully fund the City's pension liability by the year 2029.

Commitment to this funding schedule is an integral part of the City's plan to address OPEB liabilities and is, therefore, key to the City's Long Term Financial Stability Strategy.

Recently, we announced that a third party actuary has confirmed the Administration's funding strategy, which will enable the City of Newton to eliminate the City's Unfunded Pension Liability by the year 2029 and the OPEB Liability by the year 2042. The Actuarial Valuation of the City's OPEB Liabilities for the fiscal year ending June 30, 2015 confirms the Administration's plan is financially sound and sustainable. The valuation by Financial Risk Analysts, LLC, is in keeping with the national standards of practice of the actuarial profession and is in accordance with Governmental Accounting Standards Board Statement 45, or (GASB-45).

We have been able to maintain our triple A bond rating with Moody's Investor Services throughout the past 6 years; this year, for the first time, we also asked Standard and Poor's to rate the City. As many of you know, we were pleased to announce a few weeks ago that Standard and Poor's also assigned a triple A rating to the City, citing, and I quote "Strong management, with 'good' financial policies and practices under our Financial Management Assessment methodology and strong budgetary performance, with balanced operating results in the general fund".

With this double triple A rating, the City of Newton has joined a very small group of municipalities that have earned triple A ratings from these two highly regarded institutions. And these ratings have practical implications for the City.

This year we were not only selling \$56 million of new debt, we were also refinancing \$20 million of debt that we sold in 2008. As a result of the tremendous confidence that the rating agencies have in our City, we were not only able to receive very favorable interest on these bonds, saving more than \$3 million in interest payments on the refinanced bonds, but also received a cash payment of more than \$6 million of premium offered for our bonds, which we will use to reduce future bond payments.

What this all comes down to, why this is so important, is that these components of our Long Term Financial Stability Strategy enable us to make the critical investments we need in the most fundamental areas, such as education and infrastructure, to make Newton a stronger, more livable, sustainable, 21st Century city.

Strengthening our city's finances has allowed us to address preexisting, current, and potential future issues in Newton while also maintaining and upgrading the best of our community's resources.

As I said in my FY 2016 budget address, the City's budget, because of our outcome-based budgeting strategy, is a direct reflection of our community's current and future needs. We scrutinize every expenditure to look for ways we can save money while achieving the same outcome.

We have made performance management a high priority since my administration began in 2010. Using data to inform key decisions allows our administration to focus on areas needing improvement in order to deliver services more effectively and efficiently. It makes us more capable of adapting to an environment that is always changing. Last year, we institutionalized our data-driven decision making by launching the "DataStat Newton" program. The program tracks everything from recycling rates and number of potholes filled, to auto-pedestrian accidents and changes in public safety response times, all on a monthly basis. I have been meeting monthly with all of the city's department heads to review the data, and use that information to see what we need to do in each area to get us further towards achieving our budget outcomes. We are tracking these stats as well as hundreds of other metrics and publicly posting them on the City's website. In addition to increasing accountability, this will ensure that we are effectively addressing residents' needs and identifying problem areas as quickly as possible.

To make sure that when citizens contact City Hall, they have an efficient and effective experience, we are tracking performance using DataStat Newton, which shows us how quickly our staff answer the phone at the 311 Customer Service Center, an area where we have made significant improvements over the course of the last year. When we started tracking this back in March, we were averaging over a minute and a half wait time when calls came into City Hall. Now, our monthly average is less than 15 seconds. We are also working hard to ensure that work orders are being completed in a timely and accurate fashion.

Our DataStat Newton program has increased accountability, efficiency, and transparency across all departments. Including in Public Works, where we have also made significant investment in our city's infrastructure, which had been neglected for years when my administration began in 2010.

More than 50 miles of roadway have been resurfaced since my administration began. Since the passage of the tax override in 2013, 50% more roadway is paved each year than in 2010. During the 2015 construction season, we paved 13.5 miles of roadway, the most in a single year since 2010. And, on our roads, the traffic signalization strategy in our Capital Improvement Plan will enable us to address our city's 17 most congested and unsafe intersections by upgrading our traffic signal and intersection technology. That includes updated signals at previously dangerous intersections of Craft and Linwood, Beacon and Grant, and Winchester and Nahanton, all of which have been completed.

And, thanks to our DataStat program, we know that we're getting done what we need to efficiently—and improving the City's performance. Last year, we used DataStat to put standards in place for how long it takes from the day we begin milling a street to the day it is paved—and during construction season this year we averaged a duration of just ten days from start to finish. This is an enormous improvement over previous years, and not only minimized the inconvenience to residents and drivers, but also ensured that we stayed on schedule and completed our paving season before the winter months began.

We also have crafted ambitious and comprehensive water, sewer, and stormwater plans, which have already yielded more than \$2 million in annual savings, an improvement in the fireflow throughout our water system, and a decrease in the number of localized flooding areas.

We are also using our DataStat program to track how much money is being saved on the municipal side by taking advantage of Prompt Pay Discounts, and as a result we have yielded thousands of dollars in savings over the course of the last several months.

In our Parks and Recreation Department, we are tracking everything from tree plantings to beautification to capital improvements. In the last year, we have planted 190 trees, rehabilitated five fields through our turf management program, and completed a full reclamation of all 12 tennis courts at Newton South High School.

Cleanliness in our villages and parks is a critical part of the great quality of life in Newton as well as the local economy and we are using a data driven approach to make improvements in this area. The data tracking the frequency of trash barrel overflow led us to the conclusion that we needed a 21st Century solution.

I'm pleased to announce we have reached an agreement with BigBelly to add 172 of their solar-compacting trash and recycling barrels throughout village centers and parks this spring. These solar powered barrels, which include waste and recycling processing, will have a positive impact on the environment, on our bottom line, and help enhance the quality of life throughout the City.

We all know that Newton's education system is truly exceptional—one of Newton's strengths that we can be proud of, due to its longstanding record and tradition of excellence. I'd like to thank the exceptionally talented teachers and administrators who make our classrooms welcoming, safe places where students of all backgrounds and abilities can thrive—academically, socially, and emotionally. It has enabled us to begin to close the achievement gap in recent years.

We also know we need 21st Century schools with 21st Century facilities in order for students to prepare themselves for college and career—and this has been a priority of my administration from day one.

Just this month, the students and teachers at the Angier School moved into a new state-of-the-art building. Not only was the project on time, but it was \$1 million under budget. The Carr School has been fully renovated and is being used as a swing space. The Zervas School is undergoing construction—it and the Cabot School are slated to open in the fall of 2017 and winter of 2019, respectively.

Our recent purchase of Aquinas enables us to consolidate our growing preschool program into one site, where we can provide the cutting-edge, critical care and instruction children need in their pre-K years. It's scheduled to open this fall.

It also allows us the possibility of moving Lincoln Eliot School to Aquinas, and then using Lincoln Eliot as swing space as we continue our long term, forward-looking school building plan over the next 20 years.

The plan also provides for the possibility of moving the Horace Mann School into the newly renovated Carr School and using the Horace Mann building to create an intergenerational community space that would include dedicated programs for residents of all ages. Our Parks and Recreation Department would have a space for the year-round youth programming and partnerships with fantastic nonprofits like the Boys and Girls Club and the Y. This plan would meet the needs of our residents now and in the future based on our demographic projections.

I am pleased to report that all of the renovation and construction of these facilities are on schedule to be completed by 2021. This will dramatically enhance our City's ability to provide for our current and future preschoolers, students, educators, parents, and seniors. However, we cannot rely solely on our schools to prepare all of our children to be healthy and successful 21st Century citizens. We know that students spend the majority of their time outside of school, and we need to increase opportunities for students of varied income levels to participate in enrichment programs. I have started two such programs in recent years: the six-week high school summer internship program with local businesses and the Mayor's Summer Reading Challenge. We will continue to grow these programs and start others in partnership with our school system to maximize preparedness for a successful 21st Century life for all of our children.

Newton continues to be one of the safest cities to live in and I'd like to take a moment to thank the great men and women of the Newton Fire department and the Newton Police Department—you make it happen every day.

This year we opened Fire Station 10—on time and well under budget—so that our firefighters have what they need to keep Newton one of the safest places to live in America. Upgrades to Fire Station 3 and Fire Headquarters are also on track.

I was proud to swear in our new Police Chief last month—Chief David McDonald. We thank Chief Howard Mintz for his honorable service as Chief of Police and look forward to Chief McDonald continuing to build upon Newton's successful approach to community policing. Chief McDonald, in his words, has stated that, and I quote, "As we move forward, it is imperative that we create more amiable interactions between the police and community. These types of interactions facilitate public trust in the police, and community members, in turn, feel increasingly willing to approach and interact with the police. Getting out into the community, being empathetic and allowing people a voice are not only important components of Community Policing but of successful human relationships in all venues. There is no better investment that the police department can make than constructive time spent with people in the community."

We know our suburban environment and villages that offer retail as well as parks and open space make our city a place where people want to start a business, work, live, and play. I am 100 percent committed to building upon our success in this area—and I look forward to working with the City Council on zoning reform phase two.

The idea that anyone of any background, who works hard and is committed to community, should have a chance to meet their full potential and take advantage of all our city has to offer has been my experience as a son of the Garden City as well as many of yours. I am 100 percent committed to building upon those values and specific pathways to ensure this continues.

We must recognize recent research that shows the growing lack of economic mobility in the greater Boston area. We know that median wages have not gone up over the last decade and the US economy has changed dramatically. We also know the Great Recession has negatively impacted individuals and families of all income levels. In addition, housing and transportation costs continue to rise in our region. The cost of energy can vary and be challenging for the average household. My administration is taking an innovative, data driven, research based approach to address the challenge of opportunity and economic mobility in Newton for current residents of all ages and for future generations of citizens.

As you know, we have been focused and will continue to be relentless in ensuring long term sound financial sustainability, upgrading infrastructure and public safety, and

making critical investments in our education system. But we must do more to truly make Newton a 21st Century model city that offers opportunity for all. I have recognized the following during my tenure as Mayor:

Newton did not have a 21st Century municipal policy that could guide decision making and move the needle on what I believe is the issue of our time and speaks to our core values as a city: economic mobility.

We did not have a proactive housing plan and strategy to meet the needs for people of all ages and backgrounds, including people with disabilities. For decades, specific housing projects as well as policies and zoning have been implemented in a patchwork, reactive, rather than proactive, way.

Newton did not have a proactive transportation plan and strategy to meet the needs of our citizens. Our city did not have a proactive strategy or plan to make Newton walkable or bikable, nor did we have a parking plan for our villages. We were not working in a regional fashion to expand how we move within our city as well as into, out of, and outside of our city, for example using shuttles or rideshare.

Newton did not have a plan to grow the all-important innovation economy and small business—and data and research show the spinoff effect of the innovation economy has huge upside on to other types of businesses.

And, finally, we needed to build 21st Century research and data driven programs and interventions to meet the challenges of our residents now and decades from now to ensure that individuals and families of all ages can be self-sufficient and thrive, contribute, and take advantage of what our region has to offer.

Moving forward requires investment in education, infrastructure, and innovation. Over the last three years we have implemented the following initiatives:

Last year, we hired expertise outside of our city to engage residents and businesses and to produce a specific data driven housing strategy to recommend specific possible sites for development and specific policies to meet Newton's needs. The demographic data we have has shown the need for a concerted effort to make sure that the housing available in Newton for residents now and in decades to come is affordable enough and varied enough so that seniors can find places here to stay as they age, so that our children can raise their families here, and our hardworking teachers, police officers, firefighters, and other city workers can make a home here for themselves and their families as they continue to serve our community every day.

To accomplish this, last year my administration put forward a proposal to achieve this vision that includes:

- the addition of at least 800 affordable units to our housing stock by 2021;

- potential zoning ordinance changes to increase the number of accessory apartments, which have great potential to help our seniors stay in Newton;
- supporting the growth of Newton's middle class by raising the inclusionary housing requirement to 20%; and
- adopting 40R, a state program that encourages by-right development with affordable housing in specific areas under requirements adopted by the City Council and with payments from the state to defray development costs and support our schools.

Last year we also hired expertise outside of our city to engage residents and businesses to produce a specific data driven transportation strategy to help Newton become a leader in walkability and bikability, including bike share and expanded transportation internal within Newton as well as into, out of, and around neighboring municipalities. The strategy will include parking plans for each of our villages. Trials and early implementation solutions will begin this year and the final plan will be presented this fall. I invite you all to participate in any part of our three-day public kick off, Newton in Motion, starting this Thursday at the Marshalls Plaza on Needham Street.

Last year, under my direction and with funding from the state, we launched a pilot program with Crittenton Women's Union, an organization that has been nationally recognized for its work helping families become self-sustaining. The plan includes mentoring for ten women living in Newton public housing, who will receive wraparound services, such as training in financial literacy, career counseling, assistance with planning for daycare, transportation support, and parenting skills counseling. We will learn from our pilot so that we can scale up this innovative approach beyond Newton Public Housing for more children and families in years to come.

Last fall, we announced our partnership with MassChallenge to create a new innovation center in the former Newton Corner Library building. With this, we have the potential to revitalize a neighborhood, as well as open up access to the innovation economy for residents of all backgrounds. To do this, we are working on programming with MassChallenge, along with the Newton Free Library, that includes hosting interns from the Mayor's summer high school internship program; holding sessions for students, entrepreneurs and all residents on business practices; and more.

This is part of a broader economic strategy utilizing regional partnerships that includes encouraging the development of innovation districts in our city, such as the N-Squared Corridor with Needham and Charles River Mill District with Watertown and Waltham, with the Newton Needham Chamber of Commerce. We are working together with our partners to promote the growth of the innovation economy in our cities and towns in a smart, strategic way—one that is more effective when we collaborate across city lines on critical infrastructure, such as transportation within and between these areas to

attract and transport employees, partners, and customers in order to support innovative companies, small businesses, startups and more.

We want to promote access to early savings programs that give our growing population of seniors access to capital at 70% of their previous earnings, to smaller housing units available in Newton to facilitate downsizing if desired, including options for the creation of accessory apartments; and to part-time work opportunities, programs that take advantage of previous experiences such as mentoring others. Newton At Home has been a fantastic resource for Newton's seniors and we hope to encourage further programming to meet the varied needs and interests of all seniors.

Our administration has also taken a lead on health.

Using the best research and data available, we have created an Opioid Working Group to respond to the growing statewide epidemic. It includes representatives from our Health and Human Services Department, police force, City Council, drug court, Riverside Community Care, and Wicked Sober, a program that locates addiction treatment.

We will be looking at a multipronged approach, including efforts to prevent addiction, such as modifying prescribing practices, education, Narcan administration, addiction treatment programs, lifelong support for staying sober, and long term recovery.

Mental health is an area that is gaining more attention, and rightfully so—we need to do more. As part of the Newton Cares initiative, we have started holding QPR trainings. QPR stands for Question, Persuade, Refer, and is, in simplified terms, CPR for cases of potentially suicidal individuals. From last March through today, 218 people in our community have been trained to look out for neighbors, friends, and colleagues who are struggling and to aid them in getting the help they need. I recently did the training myself—alongside over 50 others—in an event we held in partnership with The Street, which I would like to thank for supporting this important initiative and really helping us open it up to the larger community.

In the decades ahead, as the connection between environmental, social and economic conditions becomes ever more apparent, as we deal with local effects of climate change for example, we must continue to innovate and to consider how each decision will impact Newton 20 and 30 years from now—the long term environmental impact.

Solar power not only reduces our carbon footprint, it will also reduce our municipal energy costs by millions of dollars over the life of the projects. In the next year, we will be adding over four additional megawatts of solar across the City, which will lead to the equivalent energy savings of removing 1,500 cars off the road. It's a win for taxpayers, for the environment, and for our community.

I am pleased to report that many residents have also become solar power producers. Over 400 Newton homes now have solar panels, and permit applications are coming in

at the rate of about 25 per month. These homeowners are powering their homes and getting paid by the utilities when they contribute excess power back to the grid.

Unfortunately, roughly 80% of Newton residents can't obtain the environmental and financial benefits of solar because they rent, or because their roofs do not get sufficient exposure to the sun. This is unfair, because almost all of them pay to support solar power through their monthly utility bill, while being unable to take advantage of those contributions. Also—adding hardship to unfairness—the approximately 800 Newton families currently receiving low-income fuel assistance, and others, cannot afford the costs of installing solar panels or of maintaining them.

Tonight, I am particularly pleased to share with you a groundbreaking initiative to create a community share solar program in Newton. We want to share the solar power we are generating as a municipality with low-income residents and with some of the estimated 75% of homeowners whose roofs will not—for a variety of reasons—accommodate solar power.

In addition to the economic, social, and environmental benefits, this project also has the benefit of equity and fairness. We all pay to support renewable power through our utility bills. We want to ensure that everyone has the opportunity to be a part of this incredible innovation.

We want to level the playing field and make solar power more widely available to Newton residents. Under our community solar share plan, anyone in the City who qualifies for fuel assistance would also qualify to receive solar power from our municipal projects. Other residents, including homeowners and renters, would also be eligible to participate. We are currently in the process of working out the details of this exciting, innovative program—one that we believe is the first of its kind in the Nation. I look forward to sharing more information as we make progress in the coming months.

Finally, I have written and developed a research based data driven municipal policy to increase economic mobility from birth to adulthood and retirement age. The policy also promotes the innovation economy that is so important to the future of our region. It is based on work from the Brookings Institution and the Boston College Center on retirement research. I've entitled the policy framework "Economic Growth for All".

We are using this policy to guide our decisions about how we best distribute human services resources and expand current programming and partnerships with the private and non-profit sector in our region as a source of well-paying, financially sustainable jobs. We are also using the policy to guide both our transportation and housing strategies and the development of our innovation districts. Housing, transportation, appropriate comprehensive social services, and jobs including those in the growth sector of the innovation economy are all critically interlinked in order to promote a pathway to the middle class and beyond for all of our residents.

We look forward to engaging the community at large around the Economic Growth for All initiative in the coming months. And to being a model for other cities.

I'll end where I started. The state of our city is strong. In order for our city to live up to its full potential it's going to take all of us to work together. There will be difficult decisions ahead—just like the recent vote we had on Austin Street. But I know it's the love we have for this great city that will enable us to have vision—to be bold, imaginative and to not be afraid to make the tough decisions to move our city forward for our residents now and in the future.

That's what Newton Leads 2040 really is all about. I look forward to working with you all to continue to make Newton the best city to live in in the United States of America.

Thank you, God bless you, God bless our city and the United States of America.